



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

December 15, 2005

The Honorable Robert Bunda, President
and Members of the Senate
Twenty-Third State Legislature
State Capitol, Room 003
Honolulu, Hawaii 96813

Dear Mr. President and Members of the Senate:

For your information and consideration, I am transmitting herewith two (2) copies of the Department of Budget and Finance's report on goals and action plans in accordance with Act 100, SLH 1999. Pursuant to Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at <http://www.hawaii.gov/budget/LegReports>.

Sincerely,

LINDA LINGLE

Enclosures



EXECUTIVE CHAMBERS
HONOLULU

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GOVERNOR

December 15, 2005

The Honorable Calvin K. Y. Say, Speaker
and Members of the House of Representatives
Twenty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear Mr. Speaker and Members of the House:

For your information and consideration, I am transmitting herewith two (2) copies of the Department of Budget and Finance's report on goals and action plans in accordance with Act 100, SLH 1999. Pursuant to Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at <http://www.hawaii.gov/budget/LegReports>.

Sincerely,

LINDA LINGLE

Enclosures

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DEPARTMENT OF BUDGET AND FINANCE
PLAN OF ACTION FOR IMPLEMENTATION OF GOALS AND OBJECTIVES

Act 100, Session Laws of Hawaii 1999

PRG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	Act 178/05	ESTIMATED FUNDING REQUIREMENTS					MEASURE OF PERFORMANCE
					FY 06	FY 07	FY 08	FY 09	FY 10		
BUF 101BA	A	Timely recommendations provided regarding requests submitted by departments.	Continue to improve and refine the review process.	On-going.	3,601,595	3,608,705	1,994,000	1,994,000	1,994,000	Actual %/# of departmental requests completed by the due date.	
		Make the budget more user friendly and transparent (i.e. simpler and more accessible); simplify the budget document format.	Continue, refine, and simplify the budget information on the Internet, Budget in Brief, and the Multi Year Program and Financial Plan (PFP).	On-going.						Legislature and public will be able to read and understand budget document more easily.	
		Improve decision-making process by working with departments to develop better performance measures for programs.	Implement Statewide Performance Measure training.	On-going.						Performance measures will be more meaningful for decision-making and will show how "well" the program is doing rather than "what" the program is doing.	

DEPARTMENT OF BUDGET AND FINANCE
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Act 100, Session Laws of Hawaii 1999

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PRG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	ESTIMATED FUNDING REQUIREMENTS					MEASURE OF PERFORMANCE
					Act 178/05 FY 06	FY 07	FY 08	FY 09	FY 10	
BUF 115	A/T/U	Treasury Management:			\$518,575,685	\$564,919,761	\$593,791,000	\$622,291,000	\$592,707,000	
	A	Assure the availability of funds to meet payment of State obligations.	Monitor automated cash management system as a tool to utilize in forecasting the cash flows of the State. Also, monitor system with the investment accounting system currently used by Treasury.	Ongoing	\$4,200*	\$4,200*	\$4,200*	\$4,200*	\$4,200*	Improvement in the accuracy of forecasted cash requirements and optimization of daily balances held in deposit accounts including efficiency in meeting the banking needs of the various State agencies.
	A		Monitor contract with primary depository to provide banking services for the State Treasury and provide for other statewide banking services as needed.	Ongoing	\$583,300*	\$589,816*	\$589,816*	\$589,816*	\$589,816*	
			Provide assistance and serve as liaison with primary bank for other departments' banking and cash management needs.	Ongoing						
		Maximize the Treasury's investment returns consistent with the State's primary objectives of safety and liquidity.	Centralize the investment of State funds through the Treasury Investment Pool program.	Ongoing						Rate of return on investments meets or exceeds index yield as benchmarked.
			Optimize the number of authorized securities dealers to provide competitive options for daily investment of State funds.	Ongoing						
			Monitor portfolio performance reporting, Investment Portfolio compliance reporting and periodic portfolio reviews.	Ongoing						

* included in the totals

R:\Budgetsupp\FY 07\Act 100 Reports\For submittal\FAD 2006 Act 100 (FAD 11-23)(ARO 11-29) Ok updated debt svc for suppl

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Act 100, Session Laws of Hawaii 1999

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PRG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	Act 170/05	ESTIMATED FUNDING REQUIREMENTS					MEASURE OF PERFORMANCE
					FY 06	FY 07	FY 08	FY 09	FY 10		
		Bonds Administration: Monitoring bond market conditions in order to take advantage of lower interest rates and meet cash requirements. Review and evaluate outstanding bond issues for possible debt service savings to the State.	Monitor bond interest rates. Monitor bond interest rates.	Ongoing Ongoing							Rate of interest paid on State bonds issued relative to the Bond Buyer index. Savings in interest costs between original issue and refunding issue.
	A/U	Maintain State's bond credit rating at the double-A level.	Improve rating agency perception of the State's economy and fiscal management practices by keeping them better informed.	Ongoing	\$11,125*	\$11,125*	\$11,125*	\$11,125*	\$11,125*		
		Unclaimed Property:									
	T	Protect the interest of owners of abandoned property by assuming State custody of such property until claimed by their rightful owners.	Maintain and enhance an automated Unclaimed Property Program Accounting System.	Ongoing maintenance	\$22,500*	\$22,500*	\$22,500*	\$22,500*	\$22,500*		Increase in the new holder reports filed.
			Make holders of abandoned property aware of their obligation.	Ongoing							Increase in returns of unclaimed property paid/returned to rightful owners.

* included in the totals

DEPARTMENT OF BUDGET AND FINANCE
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Act 100, Session Laws of Hawaii 1995

PRG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	Act 178/05 FY 06	ESTIMATED FUNDING REQUIREMENTS				MEASURE OF PERFORMANCE
						FY 07	FY 08	FY 09	FY 10	
BUF 141	A/U/X				403,659,993	507,200,009	510,593,000	527,780,000	532,249,000	
	X	Provide retirement, disability and survivor benefits for State and County employees and retirees, and to finance retirement benefits on an actuarial basis to ensure that sufficient assets are accumulated to pay for these benefits. Also, provide for the sound investment of the ERS retirement funds.	Providing pre-retirement counseling services; computing and processing retirement, disability and death benefits; enrollment of membership to retirement plan; conduct disability hearings and appeals; processing retirement and refund payments; reporting of taxability of benefits paid; and safeguarding and accounting for investments. Also, prudent management and oversight of ERS's investment portfolio.	On-going **	8,077,962	8,077,962	7,946,000	7,946,000	7,946,000	Reduce average time between retirement date and initial retirement check, average time to process initial check to terminated employees and average time to finalize service retirement benefits. Provide counseling services to new hires, mid-career employees, and those nearing retirement. Provide timely information on the ERS website.
	A U		State contributions for pension accumulation and social security/medicare are invested until needed for payments.	On-going **	201,895,621 283,883,400	207,081,631 292,127,076	209,048,000 299,599,000	211,045,000 308,807,000	213,070,000 311,233,000	Meet or exceed statutory requirement for return on investments. Return on investments to reduce the pension accumulation contribution requirements by the State and County governments. ERS also maximizes returns on investments to minimize State contributions for Social Security/Medicare.
	X		Implement a new computer and office automation system to replace obsolete Wang computer system. Enhancements include: internet access, online retirement estimate calculations, interactive telephone system, optical disk filing system, workflow, cash management, employer reporting, and others.	Phased in rollout, through FY09 **						
	X		Asset allocation and liability study. Study required to prudently manage the investment assets. Past research has shown that over 85 percent of a pension fund's investment performance is based on asset allocation. Good investment returns lowers State and County governments' contributions over the long term. (Estimated cost is \$50,000 every 3 years, next due in FY08)	Every 3 years **						

DEPARTMENT OF BUDGET AND FINANCE
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Act 100, Session Laws of Hawaii 1999

PRG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	Act 178/05 FY 06	ESTIMATED FUNDING REQUIREMENTS				MEASURE OF PERFORMANCE
						FY 07	FY 08	FY 09	FY 10	
	A/U		Pension Accumulation appropriation as a percentage of payroll. Act 181, Session Laws of Hawaii 2004 changed the methodology used to compute employer contributions for State and County government employees' retirement benefits. Beginning in FY 2006, employer contributions are based on 15.75 percent of the member's compensation for police, firefighters, and corrections officers and 12.75 percent of the member's compensation for all other employees.	Eff. FY 06 **						
	X		Implementation of Class H Membership Contributory Plan. Act 179, Session Laws of Hawaii 2004 establishes a new defined benefit contributory plan with a hybrid feature for certain current and future members of the retirement system.	Eff. FY 07 **						

** Included in the totals

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Act 100, Session Laws of Hawaii 1999

PRG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	Act 178/05	ESTIMATED FUNDING REQUIREMENTS				MEASURE OF PERFORMANCE
					FY 06	FY 07	FY 08	FY 09	FY 10	
BUF 143	T				3,925,905	3,816,274	3,816,274	3,816,274	3,816,274	
		To provide health and life insurance benefits for eligible active and retired State and county public employees and their dependents that are affordable to both the public employers and participants.								1. Percentage change in administrative expenditures per enrollees of the Trust Fund
			Continue to make operational improvements to shorten the time in which shortages and refund conditions can be resolved.	on-going						2. Shortage and overage accounts that are pending resolution for more than 30 days as a percentage of total accounts with shortages and overages.
			Continue training, out-reach, and communication efforts to maintain and improve satisfaction.	on-going						3. Improvement in Departmental Personnel Officer, and insurance carrier satisfaction surveys (% change in satisfaction)
			Continue to improve the operational efficiency of the EUTF enrollments staff in processing enrollment transactions.	on-going						4. Percentage of open enrollment transactions that are processed by the Trust Fund within 14 working days of receipt.
			Continue to improve the effectiveness of the EUTF customer service staff in responding to inquiries	on-going						5. Respond to inquiries within one working day 95% of the time.

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					FY 06	FY 07	FY 08	FY 09	FY 10	
			Health Fund Information Management System: Work towards the implementation of new/improved EUTF computer system to further automate the enrollments processes and improve the system reliability, efficiency, and capabilities.	on-going						
			Provide health and life insurance benefits to public employees and retirees	Ongoing						

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					Act 178/05 FY 06	FY 07	FY 08	FY 09	FY 09	
BUF 151	A	To safeguard the rights of indigent persons in need of assistance in criminal, mental commitment, and family cases by providing statutorily and constitutionally entitled legal services.	Provide effective assistance of legal counsel to persons who qualify for public defender services by reason of indigent status and type of case. Provide annual comprehensive advocacy training for deputy public defenders	on-going on-going	8,517,898	8,651,266	8,647,000	8,647,000	8,647,000	The delivery of effective legal representation to all public defender clients in compliance with the Hawaii Rules of Professional Conduct Workload of the deputy public defenders is managed to permit the rendering of quality representation The deputy public defender's ability, training, and experience match the complexity of each case A quality training program is maintained for the deputy public defenders

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PRG ID	MOF	GOAL/OBJECTIVE	TASK	TIME FRAME	Act 178/05 FY 06	ESTIMATED FUNDING REQUIREMENTS*				MEASURE OF PERFORMANCE
						FY 07	FY 08	FY 09	FY 10	
BUF 901	B	The Commission's primary mission is to efficiently, fairly, and impartially ensure that regulated utilities efficiently and safely provide utility customers with adequate and reliable utility services at just and reasonable rates, while providing regulated utilities with a reasonable opportunity to earn a fair rate of return. See PUC Annual Report 2004-05 for Long Term and Short Term Goals.	Generally, the Commission prescribes rates, tariffs, charges, and fees, and determines the allowable rate of earnings in establishing rates, prescribes the methods, service, and annual rates of depreciation for utility properties, acts on applications for certification and for the extension or abandonment of services, acts on requests for the acquisition, sale, disposition, or other exchange of utility properties, issues orders and guidelines concerning the general management and operations of chartered, franchised, or certificated utility businesses, and adopts rules and regulations governing the operations, standards of services and facilities, and fiscal management of utilities, including procedures and practices of the Commission.	On-going. Long and Short term time frames.	8,505,197	8,205,197	8,205,197	8,205,197	8,205,197	Performance measures necessarily include subjective measures of performance, and accordingly, an evaluation of the Commission's performance in many instances will require a subjective evaluation of whether the Commission's actions accomplished its primary mission, goals, objectives, and policies, as well as the timely accomplishment of various specific Legislative mandates, and the timely completion of docketed actions, rulemaking actions, tariff applications, complaints and other matters before the Commission.